GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1150
ANSWERED ON:24.10.2008
PSBS AND FOREIGN BANKS
Pallani Shamy Shri K.C .

Will the Minister of FINANCE be pleased to state:

(a) whether the Public Sector Banks (PSBs) have taken steps to face the challenges from the foreign banks;

(b) if so,the details thereof;

(c) whether the foreign banks have been allowed to be merged with the Public Sector Banks;and

(d) if so,the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)& (b): With the globalization of the Indian economy and the increased presence of foreign banks in India,that are more nimble-footed and have access to a wealth of technology and managerial resources, Public Sector Banks have taken many initiatives to remain competitive which, inter-alia, include introduction and upgradation of technology,bringing their branch network under Core Banking Solutions (CBS),Installation of Automated Teller Machines (ATMs),simplification and improvement in processes,increased use of Real Time Gross Settlement (RTGS) system,Rationalisation of bank branches and use of advanced management techniques.Further,to gainfully utilize the services of available manpower and keeping in view the convenience of the customers,public sector banks have been examining various options including extended working hours in branches,venturing into insurance sector,setting up of subsidiaries for Business Process Outsourcing (BPO) services, deployment of staff for recovery of Non-performing Assets (NPAs) and marketing of products and services, cross selling of banking and insurance products etc. Government,as the principal stakeholder in these banks, has granted enhanced managerial autonomy to the public sector banks to enable them to take quick and efficient decisions.

(c) & (d): Presently,no such proposal is under consideration of the Government.